

Opening Statement of Charles P. Blahous

Nominee to be a Member of the Boards of Trustees of the Federal Hospital Insurance Trust Fund, the Federal Supplementary Medical Insurance Trust Fund, the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund

U.S. Senate Committee on Finance

May 11, 2016

Thank you, Chairman Hatch, Ranking Member Wyden, and members of the Committee. It is a great honor to be nominated to serve again as one of the two public trustees for Social Security and Medicare.

Before I begin with the substantive portion of my remarks, some thanks are in order. First I would like to thank President Obama for the honor of placing my nomination before the Senate. I also thank Senate Majority Leader McConnell for the trust he placed in me in putting my name forward for this important position.

I would like to thank my wife Jill and my daughter Juliana, who unfortunately could not be here today, for their constant support and many sacrifices for my career in public service. I have been blessed to have my family's encouragement and counsel with each new challenge.

Particular thanks are due to the members of this Committee, to the United States Senate as a whole, and to the members of the US House of Representatives. I am deeply appreciative of the unfailing courtesy with which I personally have been treated by members of Congress in both chambers, on both sides of the aisle, as well as by their staffs. My appreciation, however, is based not only on these personal considerations, but on Congress's general comportment with respect to the trustees' process as established under the Social Security Act.

Social Security and Medicare are perhaps the most important domestic programs the Federal government has ever established. Their financial soundness is central to the economic security of millions of Americans today and in the future. The Social Security and Medicare trustees play an indispensable role in equipping the Congress and the Administration with the information required to enable these vital programs to function as desired.

It has been extremely gratifying to witness as a trustee the respect with which members of Congress treat the trustees' reporting process. At a time when confidence in so many public institutions is under siege, lawmakers have recognized the importance of Americans being served by credible, which is not to say infallible, projections for the futures of Social Security and Medicare.

Some of the most satisfying moments of trustee work come when testifying before Congress and a member on one side of the aisle cites data from the trustees' report to support a particular policy viewpoint, after which another member on the other side uses data from the same report to support a different policy viewpoint. This is only possible because members on both sides safeguard the integrity of the trustees' work, and I am as grateful for this dynamic as I am for any kindness extended to me personally.

The public trustees' positions were established in the comprehensive Social Security reforms of 1983, to maintain public confidence in the management of the trust funds and to ensure that program finances were persistently reviewed by bipartisan outside observers. While forecasting

is an imperfect science, my experience as a trustee is that this work is conducted according to the highest principles of public service. While only time will attest to the accuracy of the projections, it is not too soon to vouch for the integrity of the process by which they are made.

Each year, the trustees make assumptions about trends in fertility, longevity, worker productivity, price inflation (specifically in the case of Medicare, health care cost inflation), immigration, real wage growth, labor force participation, and other relevant variables, both in the short-term and in the long-term. Public confidence in the trustees' projections rests in large part on whether these assumptions are regarded as reasonable and objective.

To assist in realizing this ideal, the trustees bring many perspectives to bear from both inside and outside our working group – including the nonpartisan staff of the offices of the Social Security Actuary and CMS Medicare Actuary, technical panels periodically convened to assist respectively with Social Security and Medicare projections, outside analysts such as those at the Congressional Budget Office or elsewhere in academia, and many others.

It has been my experience that participants in the trustees process, ranging all the way from the managing trustee Treasury Secretary Jack Lew, HHS Secretary Sylvia Burwell, Labor Secretary Tom Perez and Acting Commissioner Carolyn Colvin to the various staff laboring in the different executive branch departments, conduct themselves with the appropriate respect for this important work – a characterization that I hope can also be applied to our service as public trustees. It has been a particular privilege and pleasure to serve alongside Dr. Robert Reischauer in this role. I learn not only analytical substance from Bob but also from his example of constant professionalism.

If confirmed to serve again as a public trustee, I would look forward to contributing to the best of my ability to the trustees' process, and to maintaining public confidence in these vital reviews of Social Security and Medicare program finances.

Thank you. I would be glad to take any questions.